

Electric Utility Fund

Financial Review



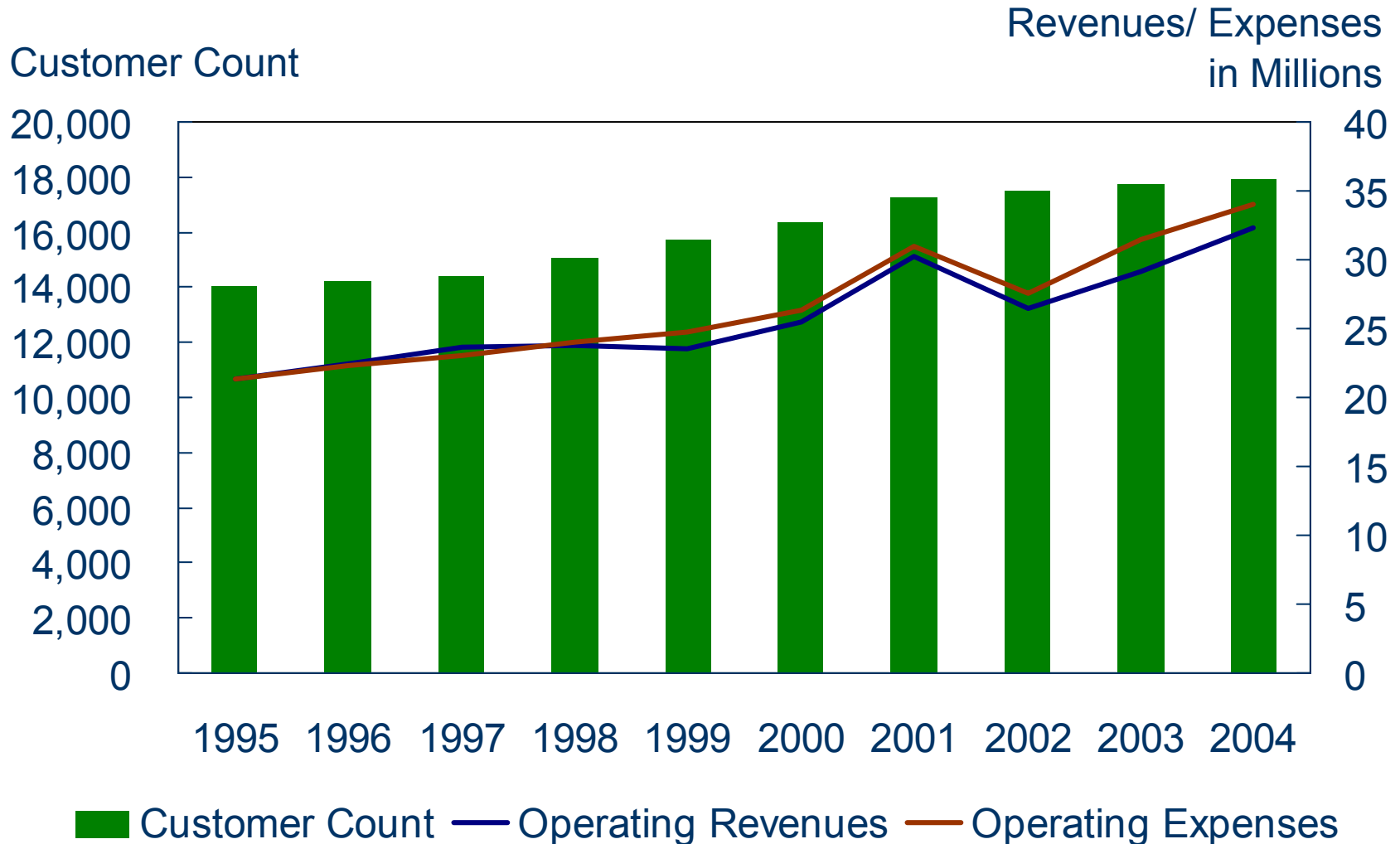
Current Situation

- Expenses Exceed Revenues
- No Rate Change In 11 Years
- 10 Year Forecast Shows Problems
- Times Coverage Ratio is Too Low
- Need Average 10.5% Rate Increase

Expenses Exceed Revenues

- FY 1998/99
 - Employee Costs Increase by \$300,000
 - Reimbursement to General Fund Increase by \$500,000
- FY 2001/02
 - Employee Costs Increase by \$200,000
- FY 2002/03
 - Franchise Fee Increases by \$600,000
- FY 2003/04
 - Added Two New Positions
 - Increased Economic Development Funding

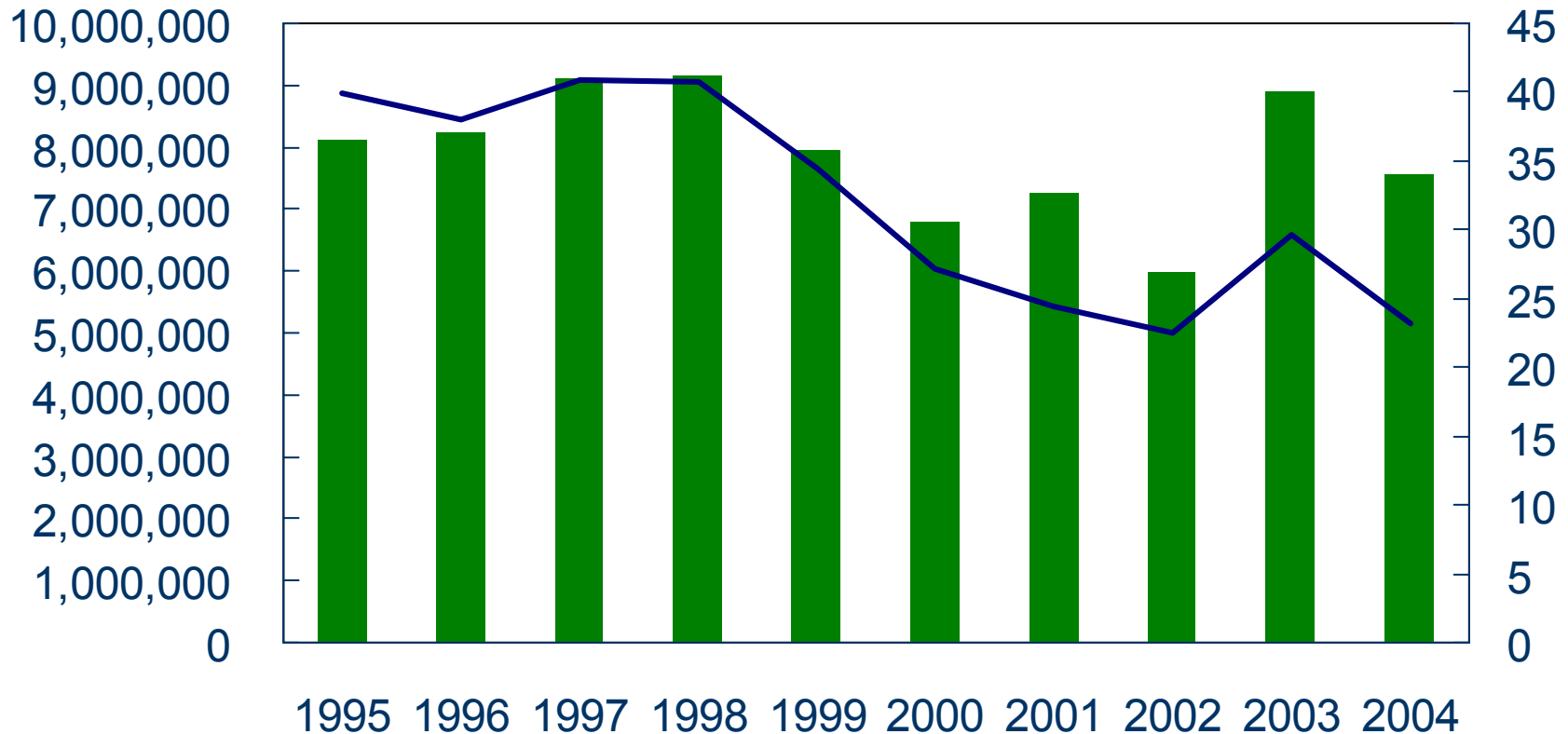
Revenues Vs. Expenses



Fund Balance

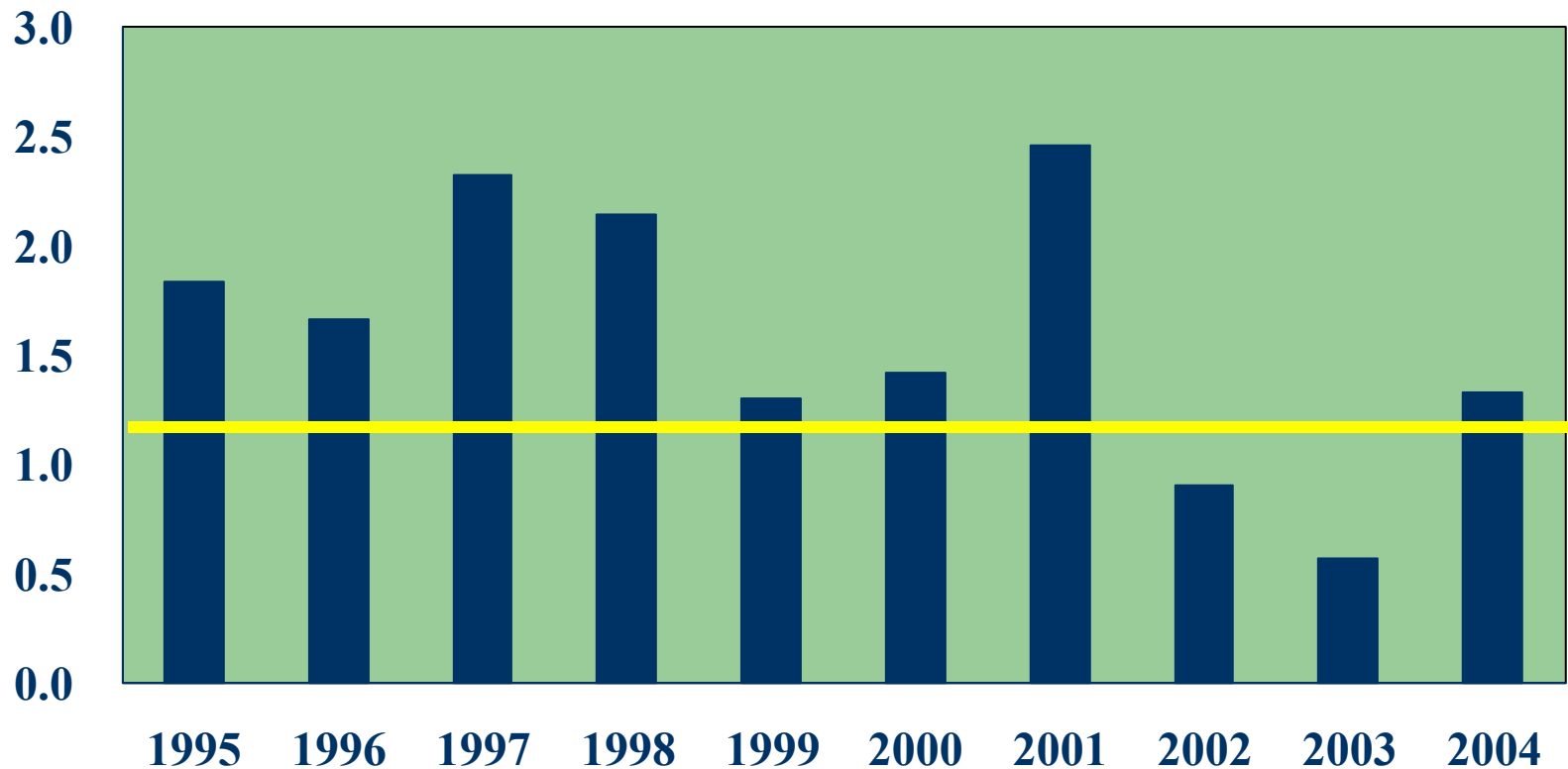
Fund Balance

Percent of Expenses



■ Fund Balance — Percent of Expenses

Times Coverage Ratio



Previous Rate Increases

Customer Type	1990	1993	Proposed 2005
Residential	6.9 %	7.7 %	9.8 %
Small Commercial	4.0 %	10.7 %	10.5 %
Medium Commercial	0.8 %	6.2 %	10.7 %
Large Commercial (S)	- 1.8 %	15.7 %	10.5 %
Large Commercial (P)	- 0.2%	14.6 %	12.8 %

2005 Proposed Rate Increase

Customer Type	Current \$/KWh	Energy Adder	Proposed \$/KWh	Increase
Residential	\$ 0.07303	\$ 0.00715	\$.08018	9.8 %
Small General	\$ 0.06815	\$ 0.00715	\$.07530	10.5 %
Medium General	\$ 0.06655	\$ 0.00715	\$.07370	10.7 %
Large General (S)	\$ 0.06781	\$ 0.00715	\$.07496	10.5 %
Large General (P)	\$ 0.05580	\$ 0.00715	\$.06295	12.8 %
COGEN	\$ 0.05466	\$ 0.00715	\$.06181	13.1 %
Total				10.5 %

How Did We Get Here?

- No Long-Term Financial Projections
- No Rate Studies Since 1993
- Increased Operational Expenses
- Not Separating One-Time Revenues

Moving Forward

- Cost of Service Study
- Assess Operational Expenses
- Review Franchise Fee Rate
- Change in Longstanding Accounting Practices